Brown, Brian (TM)

From: Morris, Craig
Sent: Monday, January 10, 2011 3:38 PM
To: Brown, Brian (TM)
Subject: FW: Small Business Study

From: Martha Kimes (b)(6)
Sent: Monday, January 10, 2011 3:32 PM
To: TMFeedback
Subject: Small Business Study

Please accept the following comments submitted by GoDaddy.com, Inc. ("Go Daddy") in response to the USPTO's request for comments regarding trademark litigation tactics and "trademark bullies."

The Nature of Go Daddy's Business
Go Daddy is the world's largest domain name registrar and web hosting provider. Together with its affiliate companies, Go Daddy has over 46 million domain names under management and over 8 million customers. Go Daddy is the owner of 50 registered trademarks in the United States, with an additional 18 trademark applications pending. Outside of the United States, we have an additional portfolio of over 200 registered and pending trademarks.

As a domain name registrar and web host, we regularly respond to complaints received from third-party trademark owners regarding claims of alleged trademark infringement in registered domain names and regarding customer content hosted on our servers. We have a dedicated team of professionals who work to review and respond to these trademark complaints.

Knowledge of Attempts At Unreasonable Trademark Enforcement
In the past five years, Go Daddy has been involved as the issuing registrar in several domain name disputes where it is apparent that the complaining parties were attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to trademark owners. Following are some examples:

Baylor University
In a case before the National Arbitration Forum (decision can be found at http://domains.adrforum.com/domains/decisions/1145651.htm) brought pursuant to the Uniform Domain Name Dispute Resolution Policy ("UDRP"), Baylor University filed a claim attempting to gain registration of numerous domain names that contained the term "Baylor." Some of these claims appeared facially legitimate, such as those regarding <baylorhospital.mobi>, and <baylorhospitals.mobi> (which Baylor argued would likely be associated with its medical facilities and/or health care system), <baylorsportstalk.com> and <baylorsportstalk.net> (which were likely to be associated with Baylor's athletic programs), and <baylorstudentliving.com> and <bayloralumniliving.com> (which were likely to be associated with Baylor's housing offerings).

Other claims were overreaching:

- The domain name <baylorsalsa.com> was registered by a woman whose 10-

year-old son was named "Baylor" and loved the condiment salsa – he planned to use the domain name to develop a personal web site unrelated to Baylor University.

- The domain name <baylorkehoe.com> was also registered by a woman whose son had was named "Baylor Kehoe," and the respondent intended to use the website to display personal family photographs unrelated to Baylor University.

The National Arbitration Forum transferred all of the domain names to Baylor University.

American Automobile Association

In 2008, the American Automobile Association (owner of the AAA trademark) brought action for transfer of 60+ domain name that included the term "AAA" even though many of those were not car- or travel-related (including domains such as <aaaclassicstrippers.com>, <tripleaclassicdancers.com>, <tripleaclassicgirls.com>, <tripleaclassicstrippers.com>, and <tripleastrippers.com>). In its decision (available at http://domains.adrforum.com/domains/decisions/1226461.htm), the National Arbitration forum wisely left those domain names out of the decision, but transferred numerous other domain names to AAA.

Webpass

In 2010, Internet company Webpass, Inc., filed a UDRP complaint in an attempt to gain transfer of the domain name <webpass.com>. The domain name had been registered in 2001, at which time the complainant was not even in existence as a business entity. Although Webpass was not even incorporated until 2006 (and then under the name WD Communications, Inc.) and did not first use the WEBPASS trademark until the year 2007 (rendering it legally impossible that a domain name registered at least 5 years prior to any legitimate trademark ownership could have been registered in bad faith), it brought a UDRP action regarding the domain name <webpass.com>. The arbitration provider denied the complaint and made a finding of reverse domain name hijacking against Webpass, holding that the complaint constituted an abuse of the administrative proceeding. (A copy of the decision can be found at http://www.wipo.int/amc/en/domains/search/text.jsp?case=D2010-1796.)

USPTO Proceedings

No discussion of trademark bullying would be complete without reference to Leo Stoller, possibly the most notorious trademark bully in recent history. Mr. Stoller is a self-proclaimed "intellectual property entrepreneur" who has controversially claimed rights to a large inventory of "famous" trademarks and aggressively attempted to enforce his purported trademark rights, threatening all manner of individuals and companies who attempt to use similar marks. Stoller's modus operandi was to issue demand letters in attempt to secure undeserved licensing fees. Eventually, Stoller was sanctioned by the USPTO for filing thousands of unwarranted motions, he was labeled as a "vexatious litigant" by a federal court, and in connection with a bankruptcy-turned-liquidation proceeding, his trademark assets were sold to the Society for the Prevention of Trademark Abuse in 2007.

One of the many marks Mr. Stoller attempted to enforce abusively was the registration of the mark STEALTH, and he relied on this trademark to oppose Go Daddy's application to register the mark STEALTHRAY. Six years after the opposition was filed, and after extensive proceedings before the Trademark Trial and Appeal Board, the Court of Appeals for the Federal Circuit dismissed Stoller's final appeal, and Go Daddy's STEALTHRAY mark (U.S. Reg. No. 3,624,615) was issued on May 19, 2009.

Go Daddy's Experience With Cease-And-Desist Letters

As a conscientious trademark owner, Go Daddy uses cease-and-desist letters judiciously to protect our intellectual property interests. Effective use of such letters often results in infringing parties abandoning use of our trademarks, without the need to resort to litigation.

As a domain name registrar, we regularly receive requests to cancel or transfer domain names containing registered trademarks (or terms alleged to be confusingly similar to registered trademarks). We are bound by regulations set forth by the Internet Corporation for Assigned Names and Numbers ("ICANN"), and are not in the position to serve as an arbiter of such disputes. Since we do not have the ability to take action on these claims, we advise complainants that they need to go directly to a court of law or an accredited dispute resolution provider in accordance with the UDRP.

In our role as a web hosting provider, Go Daddy receives many cease-and-desist type letters from intellectual property owners complaining about use of their trademarked terms in the content of hosted web sites. It is our policy to act expeditiously in response to all valid trademark claims that we receive, promptly disabling any infringing content. Oftentimes, however, the complaints we receive are deficient in that they: (1) attempt to state trademark claims regarding use of a term in a manner that does not relate to or conflict with the goods and/or services covered by the issued trademark registration, (2) attempt to state claims against uses of marks that are not identical or confusingly similar to federally registered marks, and/or (3) attempt to unfairly target competing businesses in bad faith and without facially valid trademark claims. With cases such as these, our position is to continue hosting the content until we receive a valid court order directing otherwise.

The Problem of Trademark Bullies

Trademark owners should certainly have the right to protect their trademarks, within the letter and the spirit of the law. Trademark bullies, however, present a problem for the entire intellectual property community: not only to they threaten potentially legitimate activities by innocent parties, but they clog the system with invalid complaints. This slows down the response time to valid complaints from trademark owners legitimately working to enforce their rights. For example, only 30-40% of trademark claims related to hosted material received Go Daddy company are even facially valid, which means that 60-70% of our time is spent responding to invalid complaints.

Potential Remedies/Counter-Actions

It is our experience that many people who take actions that are overreaching with respect to their purported trademark rights may not be acting with affirmative bad faith, but are instead misinformed about the scope of protection that trademark law provides. Many of the "bullying" complaints that we receive with regard to domain name registrations and/or hosted website content involve small companies who either: (1) do not conduct proper research and clearance before adopting their trademarks, and/or (2) do not understand that a trademark registration does not bar all other uses of the same or a similar mark, no matter the context or type of use. We would encourage the USPTO to conduct additional educational activities to help inform trademark owners about the scope of their rights.

In cases of true trademark bullying, the U.S. Courts and the USPTO in TTAB proceedings should not hesitate to levy Rule 11 sanctions against the offending party. Furthermore, in exceptional cases under the Lanham Act, federal courts should show willingness to award attorneys fees to prevailing defendants.

Finally, arbitration providers under the UDRP should be encouraged to exercise their discretion to find reverse domain name hijacking where appropriate. This remedy is fairly infrequently used, even in many cases where it would be an appropriate finding.

Martha Kimes

Senior Intellectual Property Counsel
The Go Daddy Group, Inc.
14455 N. Hayden Road, Suite 219
Scottsdale, AZ 85260
(b)(6)

This email message and any attachments hereto is intended for use only by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you have received this email in error, please immediately notify the sender and permanently delete the original and any copy of this message and its attachments.